

Message Text

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C O N F I D E N T I A L USNATO 6204

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SUBJECT: A. NAC MEETING, 19 DEC 73, ITEMS IV, V, VI, AND VII-1974

BUDGET ESTIMATES FOR NATO MILITARY HEADQUARTERS AND AGENCIES

B. DPC MEETING, 19 DEC 73, ITEMS I, II, AND III-1974

BUDGET ESTIMATES FOR NATO MILITARY HEADQUARTERS AND AGENCIES

REFS: A. USNATO 6146

B. STATE 246604

C. STATE 246609

BEGIN SUMMARY. AFTER LENGTHY DISCUSSION OF US POSITION IN PARA THIRTEEN OF C-M(73)85, REPORTED IN REF A, NAC & DPC APPROVED BUDGETS FOR MILITARY HEADQUARTERS AND AGENCIES NOTING OBSERVATIONS OF US REPORTED IN DETAIL BELOW. END SUMMARY.

1. SYG NOTED THAT NAC ITEMS IV, V, VI, AND VII COVERING MILITARY BUDGETS WOULD BE TREATED AS ONE. HE FOCUSED IMMEDIATELY ON US POSITION STATED IN C-M(73)85, PARA 13, REPORTED IN REF A, AND ON THE PROBLEM POSED TO THE COUNCIL TO APPROVE BUDGETS IN THE LIGHT OF US UNWILLINGNESS TO COMMIT ITSELF TO ITS CURRENT COST SHARE WHILE BURDEN SHARING IS BEING DISCUSSED IN COUNTIL. CONFIDENTIAL

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2. US (MCAULIFFE) EXPLAINED PURPOSE AS PROTECTING EVENTUAL US POSITION ON COST SHARING FOR 1974 BUDGETS. HE EXPRESSED EXPECTATION THAT ALLIES BY MID-FEBRUARY WILL HAVE AGREED TO REDUCE US SHARE APPLICABLE TO BUDGETS RETROACTIVE TO

1 JANUARY. HE INDICATED US WILLINGNESS IN MEANTIME TO RESPOND TO CALLS FOR CONTRIBUTIONS FOR THESE BUDGETS, UP TO TWO-THIRDS OF ITS CURRENT SHARE OF THESE BUDGETS UNDER CURRENT COST-SHARING FORMULA. HE RECOGNIZED ALLIES MAY CHOOSE SOME OTHER VEHICLE THAN NATO BUDGETS TO ACCOMPLISH BURDEN SHARING. IN THAT CASE, US WOULD AGAIN CONSIDER CONTRIBUTION QUESTION IN LIGHT OF SUCH A DECISION BY ALLIES.

3. BELGIUM (DE STAERCKE) INSISTED US ATTITUDE PRESENTED IMPASSE AND POTENTIALLY DIFFICULT POLITICAL SITUATION. HE NOTED THAT IN ORGANIZATION SUCH AS NATO, NO NATION CAN PROPERLY ADOPT A STANCE FAVORABLE TO ITSELF ON MATTERS NOT YET DECIDED. HE SUGGESTED COUNCIL APPROVE BUDGETS AND OFFERED PLEA THAT US ACCEPT CURRENT COST SHARE UNTIL A DECISION WAS REACHED.

4. MCAULIFFE DENIED US WISH TO POSE IMPOSSIBLE SITUATION. HE NOTED THAT AS A PRACTICAL MATTER, US POSITION WOULD LEAVE ONLY 10 PCT OF BUDGET IN DOUBT AND PROBLEM WOULD NOT COME TO HEAD IN NATO TILL NOVEMBER 1974. HE NOTED THAT US IS UNDER STRONG PRESSURE FROM LEGISLATIVE BRANCH ON JACKSON-NUNN AND MUST REPORT PROGRESS IN FEBRUARY. MEANTIME, ACTION HAS BEEN DEFERRED BY SUBORDINATE NATO COMMITTEES PENDING COUNCIL GUIDANCE. THIS IS WHAT GENERATED US STAND ON BUDGETS.

5. DE STAERCKE PROPOSED THAT COUNCIL APPROVE BUDGETS AND INCLUDE IN DECISION SHEET TEXT AS FOLLOWS: QUOTE THE US APPROVES THE BUDGETS AND AGREES, PROVISIONALLY, TO ASSURE FINANCING ON THE BASIS OF THE CURRENT COST SHARING FORMULA, IT BEING UNDERSTOOD THAT THIS DOES NOT IMPLY, ON THE PART OF THE US, ANY RECOGNITION OF COMPROMISE TO ITS POSITION AND THAT ANY NEW COST SHARING FORMULA WOULD TAKE EFFECT FROM 1 JANUARY 1974 UNQUOTE.

6. MCAULIFFE REPLIED US MIGHT POSSIBLY ACCEPT PROPOSAL WITH ADDITION OF LANGUAGE THAT US WOULD ONLY CONTRIBUTE TWO-THIRDS OF ANY CALL.

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7. CHAIRMAN REPLIED THAT THIS WOULD SEEM TO DEFEAT POINT OF BELGIAN PROPOSAL. DE ROSE (FRANCE) THEN SUGGESTED USE OF ARTICLE 7 OF NATO FINANCIAL REGULATIONS WHICH PROVIDES BASIS FOR TEMPORARY FUNDING IN ABSENCE OF APPROVED BUDGETS.

8. AFTER RECESS, US (PRENDERGAST) OFFERED COMMENTS ON US POSITION, STRESSED JACKSON-NUNN AND REPORTING REQUIREMENT, AND NOTED THAT SUGGESTED REDUCTION IN US COST SHARE WOULD BE SYMBOLIC OF ALLIED ACTION. HE MADE CLEAR THAT US IS NOT THREATENING TO DELAY NECESSARY FUNDING NOR REFUSE TO MAKE ANY CONTRIBUTION BUT WOULD LIKE TO SEE EVIDENCE OF ALLIED WILLINGNESS TO RESPOND TO US PROPOSALS. HE THEN OFFERED TEXT TO SUBSTITUTE FOR BELGIAN TEXT AS FOLLOWS. QUOTE. IN RECOGNITION OF THE CURRENT NEGOTIATIONS ON BURDEN SHARING,

THE COUNCIL AGREES THAT APPROVAL OF THE 1974 MILITARY BUDGET DOES NOT CONSTITUTE APPROVAL OF A PARTICULAR COST SHARING FORMULA FOR THESE BUDGETS. NATIONAL COST SHARES FOR 1974 FOR THESE BUDGETS WILL BE DETERMINED WITH RETROACTIVE EFFECT TO JAN 1, 1974. PAYMENT OF CONTRIBUTIONS AGAINST INTERIM CALLS BY THE SECRETARIAT SHALL BE MADE ON ACCOUNT, AND SHALL NOT IMPLY ACCEPTANCE OF ANY FORMULA PRIOR TO A DECISION BY THE COUNCIL ON NATIONAL COST SHARES OF THOSE BUDGETS. UNQUOTE

9. DE STAERCKE EXPRESSED APPRECIATION OF EFFORTS OF ALL TO AVOID A POSSIBLE RUPTURE AND NOTED HIS WILLINGNESS TO EXAMINE US TEXT.

10. CANADIAN PERMREP (MENZIES) STATED HE FOUND NO DIFFICULTY IN ACCEPTING PARA 13 AS WRITTEN AND WONDERED WHETHER IT WAS REALLY NECESSARY TO CONFUSE THE APPROVAL OF BUDGETS WITH THE PROBLEM OF FINANCING.

11. AFTER CONSIDERABLE BY-PLAY WITH MANY DELEGATES FAVORING USE OF ARTICLE 7 AS TEMPORARY FINANCING MEASURE, SYG, SUPPORTED BY DE STAERCKE, ASKED ACCEPTANCE OF US TEXT. FOLLOWING MORE INTERCHANGE, SYG ANNOUNCED THAT ISSUE WAS CLOSED AND BUDGETS APPROVED SUBJECT TO OBSERVATIONS OF US IN PARA 8 ABOVE. HE NOTED THAT PERMREPS HAD AGREED TO ADDRESS BURDENSARING ISSUE EARLY IN NEW YEAR.
PRENDERGAST

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